

Message Text

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R 092238Z SEP 76
FM SECSTATE WASHDC
TO AMEMBASSY MEXICO
INFO AMCONSUL NUEVO LAREDO

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E.O. 11652: N/A

TAGS: ENRG, MX

SUBJECT: GAS EXPORTS TO NUEVO LAREDO
REF: NUEVO LAREDO 82

1. APPRECIATE REFTEL ON DISPUTE CONCERNING GAS EXPORTS TO NUEVO LAREDO. FEDERAL POWER COMMISSION PLANS HEARING ON THIS MATTER ON SEPTEMBER 28 AND HAS REQUESTED ASSISTANCE IN PROVIDING ANY ADDITIONAL INFORMATION ON GAS SERVICE PROBLEM. IN PARTICULAR, FPC WOULD APPRECIATE CONFIRMATION AND CONTENT OF GOM RULINGS OR AGREEMENTS RELATING TO THIS MATTER.

2. FOLLOWING IS FPC SUMMARY OF CASE BACKGROUND: THE FEDERAL POWER COMMISSION BY ORDER ISSUED SEPTEMBER 10, 1940 AUTHORIZED ENTEX, INC.'S PREDECESSOR-IN-INTEREST TO EXPORT GAS AT THE INTERNATIONAL BOUNDARY NEAR LAREDO, TEXAS, FOR SALE TO COMPANIA DE GAS DE NUEVO LAREDO, S.A. (CGNL) FOR RESALE BY CGNL IN THE CITY OF NUEVO LAREGO, TAMAULIPAS, LIMITED OFFICIAL USE

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MEXICO. ON JULY 22, 1976, CGNL FILED A COMPLAINT WITH

THIS COMMISSION ALLEGING THAT ENTEX, INC. HAD THREATENED TO TERMINATE GAS SERVICE TO THE CITY OF NUEVO LAREDO OVER A CONTRACT PRICE DISPUTE. IRREPARABLE HARM WAS ALLEGED. BY ORDER ISSUED JULY 23, 1976, ENTEX, INC. WAS DIRECTED TO CONTINUE JURISDICTIONAL EXPORT SERVICE PENDING FURTHER ORDER IN THIS MATTER.

3. NUMEROUS FILINGS AND COUNTER FILINGS HAVE BEEN MADE TO FPC OFTEN PRESENTING CONFLICTING DESCRIPTIONS OF FACTS SURROUNDING THE ISSUES OF THE DISPUTED CONTRACT PRICE TO BE CHARGED FOR THE GAS AND THE STATUS OF CGNL. THE CURRENT STATUS OF CGNL IS QUESTIONED BY ENTEX, INC., WHICH ALLEGES THAT ON JULY 14, 1976, BY DECREE OF THE PRESIDENT OF THE REPUBLIC OF MEXICO, THE SECRETARY OF INDUSTRY AND COMMERCE WAS AUTHORIZED AND EMPOWERED UNDER MEXICAN LAW TO TAKE CONTROL OF CGNL'S OPERATIONS WITH ALL THE POWERS OF A GENERAL ATTORNEY-IN-FACT RESPECTING THE OPERATIONS, ASSETS AND RIGHTS OF CGNL. ENTEX, INC. FURTHER ALLEGES THAT IT HAS VOLUNTARILY ENTERED INTO ARRANGEMENTS WITH THE GOVERNMENT OF MEXICO TO PROVIDE FOR CONTINUED DELIVERIES OF GAS INTO CGNL'S SYSTEM PENDING COMPLETION BY THE MEXICAN GOVERNMENT OF ITS PLANS TO CONNECT NEARBY PEMEX GAS WELLS BY PIPELINE TO THE CGNL DISTRIBUTION FACILITIES. FINALLY, IT IS ALLEGED THAT DUE TO PEMEX PIPE FAILURE, AN AGREEMENT WAS REACHED ON AUGUST 27, 1976, BETWEEN ENTEX, INC. AND THE MINISTRY OF COMMERCE BY WHICH ENTEX, INC. WILL CONTINUE TO SUPPLY GAS TO THE CITY OF NUEVO LAREDO THROUGH NOVEMBER 30, 1976, AND THAT THE MEXICAN GOVERNMENT WILL PAY FOR SUCH VOLUMES DELIVERED.

4. REQUEST TELEGRAPHIC REPLY. KISSINGER

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